



Annual Presentation of City Treasurer's Investment Policy and Delegation of Authority to Invest Funds

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California Government Code

- CGC 53607 – Delegation of Authority

“The authority of the legislative body to invest or to reinvest funds of a local agency, or to sell or exchange securities so purchased, may be delegated for a one-year period by the legislative body to the treasurer of the local agency...”

- CGC 53646 – Statement of Investment Policy

“The treasurer or chief fiscal officer of the local agency may annually render to the legislative body of that local agency and any oversight committee of that local agency a statement of investment policy, which the legislative body of the local agency shall consider at a public meeting.”

Investment Policy Changes (Overview)

- Changes have no significant impact to Investment Policy
- Mostly minor grammatical or wording changes
- 5 substantive changes
 - Further aligns policy for consistency with California Government Code
 - Provides clarity and added flexibility

Summary of Investment Policy Changes

1. Page 7 – Section IX (Authorized Investments)

“When investing, reinvesting, purchasing, acquiring, exchanging, selling, ~~and~~ or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency.”

Rationale: Align language with CGC §53600.3

Summary of Investment Policy Changes

2. Page 7 – Section IX (Authorized Investments)

“While California Government Code §53601(~~i~~**j**) authorizes the limited use of securities lending, the City does not currently engage in any securities lending activities.”

Rationale: Align citation reference with California Government Code

Summary of Investment Policy Changes

3. Inclusion of Investment Advisory Committee recommended change:

Update policy language referring to credit ratings of “A” to state “A category.”

Rationale: Adding “category” enhances clarity of policy by implying ratings modifiers (+/-).

Summary of Investment Policy Changes

4. Page 9 – Section IX. Authorized Investments (Section E – Negotiable certificates of deposit)

“Negotiable certificates of deposit (“NCD”) issued by a nationally or state-chartered bank or a state or federal savings institutions, or a State-licensed or federally-licensed branch of a foreign bank (“Yankee”).”

Rationale: Update policy to include revised Government Code language per Senate Bill 194, effective January 1, 2012

Summary of Investment Policy Changes

5. Exhibit #1 (Item 12) – City Treasurer Broker/Dealer Qualification Criteria

“All firms must maintain a Moody's and Standard and Poor's or comparable national or international credit rating service short term rating of A1/P1 and long-term debt rating of A/a category or be a primary dealer of the Federal Reserve Bank of New York to maintain their business relationship with the City.

Rationale: Broadens base for eligible broker/dealers

Conclusion

- Changes strengthen policy
- Fully vetted
- No significant impact to Investment Policy